



U.S. Department of the Interior
Office of Inspector General

SURVEY REPORT

**SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR
WOMEN, INFANTS AND CHILDREN,
DEPARTMENT OF HEALTH,
GOVERNMENT OF THE VIRGIN ISLANDS**

**REPORT NO. 97-I-590
MARCH 1997**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

MAR 26 1997

MEMORANDUM

TO:

The Secretary

FROM:

Wilma A. Lewis
Inspector General

SUBJECT SUMMARY:

Final Survey Report for Your Information - "Special Supplemental Food Program for Women, Infants and Children, Department of Health, Government of the Virgin Islands " (No. 97-I-590)

Attached for your information is a copy of the subject final survey report. The objective of the review was to determine whether: (1) the Department of Health complied with grant terms and applicable laws and regulations of the Special Supplemental Food Program for Women, Infants and Children (**WIC**) and (2) procedures were adequate to ensure that only eligible applicants received Program assistance.

We concluded that the Department of Health administered the **WIC** Program in an effective manner and in compliance with grant terms and applicable laws and regulations. However, we believe that administration of the **WIC** Program could be even more effective if the Department took the following actions: (1) ensured that administrative funds were expended in accordance with established criteria and used exclusively for **WIC** Program activities; (2) required Program personnel to query applicants and document the results for income contributions from persons outside the household; (3) required a competent professional authority (as defined in 7 CFR 246.2) to review and approve nutritional risk assessments and food package determinations at the time of certification of applicants; and (4) updated the **drawdown** process for the food portion of the grant funds.

The response from the Governor of the Virgin Islands stated concurrence with our recommendations relating to policies and procedures and local banking services. However, the response stated nonconcurrence with our recommendation that unallowable costs should be refunded to the US. Department of Agriculture and did not state concurrence or nonconcurrence with the recommendation to require that a competent professional authority review and approve nutritional risk assessments and food packages made by nutrition aides. Therefore, we requested that these recommendations be reconsidered.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams, Acting Assistant Inspector General for Audits, at (202) 208-4252.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

MAR 24 1997

SURVEY REPORT

Honorable Roy L. Schneider
Governor of the Virgin Islands
No. 21 Kongens Gade
Charlotte Amalie, Virgin Islands 00802

Subject: Survey Report on the Special Supplemental Food Program for Women, Infants and Children, Department of Health, Government of the Virgin Islands
(No. 97-I-590)

Dear Governor Schneider:

This report presents the results of our survey of the Special Supplemental Food Program for Women, Infants and Children administered by the Department of Health, Government of the Virgin Islands. The objective of the review was to determine whether: (1) the Department of Health complied with grant terms and applicable laws and regulations and (2) procedures were adequate to ensure that only eligible applicants received assistance.

Although our review was completed prior to Hurricane Marilyn in September 1995, we delayed issuance of the report because we believed that the Government would not be in a position to respond during the immediate hurricane recovery period. In addition, we focused on and gave priority to performing several hurricane-related reviews for the Federal Emergency Management Agency. Nonetheless, based on our reevaluation of the survey findings and recommendations, we believe that, although some of the specific examples cited in the findings may now not be current, the issues and the recommendations presented in this report are still valid. The recommendations, if implemented, should result in long-term improvements in the operations of the Special Supplemental Food Program for Women, Infants and Children.

BACKGROUND

The Special Supplemental Food Program for Women, Infants and Children, referred to as the WIC Program, was established in September 1972 by Public Law 92-433, an amendment to the Child Nutrition Act of 1966. The purpose of the WIC Program is to provide supplemental foods and nutrition education to eligible persons through local agencies. According to the Code of Federal Regulations (7 CFR 246.1), "The Program shall serve as an adjunct to good health care during critical times of growth and

development, in order to prevent the occurrence of health problems, including drug and other harmful substance abuse, and to improve the health status of these persons.” Supplemental foods, access to health care, and nutrition counseling are authorized and are to be provided to eligible women who are pregnant, lactating, or up to 6 months postpartum; to infants; and to children up to age 5. Criteria for program eligibility include not having sufficient income to meet nutritional needs and being at special risk with respect to physical and mental health because of inadequate nutrition or health care or both. Because the Program is funded by a fixed-dollar grant from the U.S. Department of Agriculture, the Program has a specific priority ranking system that mandates services first to pregnant women, lactating women, and infants and then to children and postpartum women. Medical problems are also ranked before dietary problems.

In the Virgin Islands, the WIC Program is administered by the Department of Health under an agreement with the U.S. Department of Agriculture’s Food and Consumer Service. The Program was implemented in the Virgin Islands in March 1974 and is 100 percent Federally funded by the U.S. Department of Agriculture. In the Virgin Islands, the Program uses a predominantly automated system at seven clinic sites throughout the Virgin Islands to provide participants with a monthly food instrument¹ redeemable for an authorized food package at 16 participating food vendors. During fiscal years 1994 and 1995, the Program had an average of 7,693 participants each month. Grant authorizations for fiscal years 1994 and 1995 totaled \$11.7 million: \$8.7 million for food costs and \$3 million for administrative costs.

SCOPE OF SURVEY

The scope of the survey included a review of WIC Program operations, primarily on St. Thomas, for fiscal year 1994 and the first two quarters of fiscal year 1995. The survey was conducted from May through August 1995 at the Departments of Health and Finance.

Our survey was made in accordance with the “Government Auditing Standards, ” issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

As part of our review, we evaluated the WIC Program’s system of internal controls related to Program administration, the eligibility and certification of Program participants, and Federal grant drawdowns. Weaknesses identified during the review are discussed in the Results of Survey section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

¹As defined in the Code of Federal Regulations (7 CFR 246.2), “*Food instrument* means a voucher, check, coupon, or other document which is used by a participant to obtain supplemental foods.”

PRIOR REPORTS

The Office of Inspector General has not performed any prior audits of the WIC Program. However, from 1989 to 1994, the U.S. Department of Agriculture's Office of Inspector General and Food and Nutrition Service (now the Food and Consumer Service) performed several reviews as follows:

- In April 1989, the U.S. Department of Agriculture's Office of Inspector General issued the report "Survey of the Special Supplemental Food Program for Women, Infants and Children in the U.S. Virgin Islands, " The report stated that the WIC Program needed to strengthen its management of and controls over Program operations. Weaknesses were identified in the following areas: (1) the one-to-one reconciliation of food instruments; (2) vendor authorization and monitoring; (3) Program integrity; (4) financial management operations; (5) procurement of WIC services; (6) certification operations; and (7) general internal controls.

- In June 1991, the U.S. Department of Agriculture's Food and Nutrition Service issued a report on its financial review of food and administrative costs for the Virgin Islands WIC Program. The report stated that the Program needed to improve its ability to: (1) manage its food fund cash flow; (2) routinely determine the status of administrative outlays; (3) submit Federal reports in a timely manner; and (4) increase the WIC monthly participation level.

- From November 1991 to December 1994, the U.S. Department of Agriculture's Food and Nutrition Service issued four State Technical Assistance Review reports. The November 1991 report stated that the Virgin Islands WIC Program devoted an extensive amount of time to vendor monitoring but did not spend an appropriate amount of time on other vendor management functions. The January 1993 report stated that the Program needed to monitor participation levels, expenditures, and rebates on a monthly basis and to make adjustments to budgeted data in order to reach as many potentially eligible participants as possible. The December 1993 report stated that the Program developed appropriate policies and procedures in nutrition services. The December 1994 report stated that the Program developed appropriate policies and procedures for the areas reviewed and that the vendor management section had significantly improved its operations.

RESULTS OF SURVEY

The Virgin Islands Department of Health has administered the WIC Program in an effective manner and in compliance with grant terms and applicable laws and regulations. Over the past 5 years, WIC Program personnel have worked closely with representatives of the U.S. Department of Agriculture's Food and Consumer Service to bring the Program into compliance with Federal regulations. As a result, Federal financial reports have been submitted in a timely manner, studies to support the time that workers allocate to nutrition education activities and breastfeeding support activities have been developed, a computer

system has been implemented, and Program participation is approaching the maximum level. However, we believe that Program administration could be even more effective if the Department of Health would: (1) ensure that administrative funds are expended in accordance with established criteria and are used exclusively for WIC Program activities; (2) require Program personnel to query applicants and to document the results of income contributions from persons outside the household; (3) require a competent professional authority² to review and approve the nutritional risk assessment and food package determination at the time of certification; and (4) update the drawdown process for the food portion of the grant funds.

Program Administration

During fiscal year 1994 and the first two quarters of fiscal year 1995, the WIC Program used \$2.2 million in Program administration funds: \$1.6 million for salaries, fringe benefits, and indirect costs and \$560,000 for equipment, supplies, professional services, travel, and utilities.

We found that, on an overall basis, administration funds were used in accordance with grant terms and applicable laws and regulations. However, we identified minor internal control weaknesses related to the funding of Program personnel, the procurement of equipment, and the execution of contract amendments.

The Code of Federal Regulations (7 CFR 246.14) defines allowable costs as those costs "necessary to the fulfillment of Program objectives." The Code (7 CFR 3016.36) further states that "all procurement transactions will be conducted in a manner providing full and open competition." The lack of compliance by Program personnel with these regulations resulted in deficiencies in the expenditure of administration funds. Funds totaling \$29,900 that were for the WIC Program were paid to an employee who also performed duties for other units of the Department of Health; five equipment purchases, totaling \$110,000, were made by the WIC Program without the benefit of competition; unallowable entertainment expenses totaling \$2,600 were incurred; and contract amendments for the company that provides administrative processing services of the food instruments were not executed in a timely manner.

WIC Program Personnel. Based on our review of the personnel listing for the Program's St. Thomas employees, we found that a carpenter performed maintenance functions for the Department of Health but received full salary payments of \$29,900 from Federal funds designated for the WIC Program. The carpenter received the salary payments during fiscal year 1994 and the first two quarters of fiscal year 1995. We classified this amount as a cost exception, since the employee performed maintenance functions for the Department of Health and not exclusively for the WIC Program.

²As defined in the Code of Federal Regulations (7 CFR 246.2), a "competent professional authority" is a physician, nutritionist, dietician, registered nurse, physician's assistant, or a local medically trained health official authorized to determine nutritional risk and prescribe supplemental foods.

At our March 5, 1996, exit conference on the preliminary draft of this report, the Director of the WIC Program said that the carpenter was transferred from the Department of Health's Maintenance Division to the WIC Program to assist in the renovation of the state agency and clinic buildings. When the carpenter's services were no longer needed on a full-time basis, the Program requested that the carpenter be transferred back to the Maintenance Division. However, the Maintenance Division did not have a budgeted position for a carpenter at that time. Therefore, the carpenter remained on the Program payroll pending identification of local funds but performed work for the Department of Health. According to the Program's Office Manager, the employee was transferred to the Department of Health for payroll purposes after the pay period ending July 22, 1995. We believe that the portion of the carpenter's salary related to work that did not directly benefit the WIC Program should be reimbursed to the WIC Program by the Department of Health.

Equipment Purchases. The WIC Program incurred costs of approximately \$135,000 for equipment purchased during fiscal year 1994 and the first two quarters of fiscal year 1995. Of this amount, we questioned the justification for five equipment purchases, totaling about \$110,000, as follows:

- A December 1993 purchase of \$8,987 for computer terminals, keyboards, and printers for Program clinics was made on the open market without any justification clause, as required by the Virgin Islands Code. According to the WIC Program's Office Manager, the purchase was made to replace items that were no longer repairable, and the particular vendor was used so that the new equipment would be compatible with existing equipment. Although the open market purchase appears to have been justified, the appropriate citation (Title 31, Section 239(a)(9), of the Virgin Islands Code) should have been included in the purchase documents.

- A February 1994 open market purchase totaling \$41,621 for office furniture and equipment for the Mid-Island Clinic on St. Croix was justified on the basis of Title 31, Section 239(a)(9), of the Virgin Islands Code. This citation allows open market purchases that are "for equipment that is technical whose standardization and interchangeability of whose parts are necessary in the public interest." In our opinion, this justification was not valid because the purchase was primarily for office furniture and equipment that was not technical or that was not procured as additions to existing pieces.

- Another February 1994 open market purchase totaling \$11,781 for office furniture for the main WIC Program office at the Knud Hansen Complex on St. Thomas was justified on the basis of Title 31, Section 239(a)(6), of the Virgin Islands Code. This citation allows open market purchases for "medicine or medical, hospital, laboratory, surgical equipment and supplies." In our opinion, this justification did not apply to the purchase of the office equipment.

- An August 1994 open market purchase totaling \$23,977 for office furniture to equip the Frederiksted Clinic was justified on the basis of Title 31, Section 239(a)(8), of

the Virgin Islands Code. This citation allows open market purchases for “services for which it is impracticable to obtain competition.” In our opinion, this justification was not valid because other vendors, both on- and off-island, could have been found to provide price quotations.

- An August 1994 purchase of \$23,900 for a four-wheel-drive vehicle for use on St. Croix was based on telephonic quotations obtained by WIC Program personnel from two car dealers on St. Croix. Criteria contained in Title 31 of the Virgin Islands Code, however, state that the Commissioner of Property and Procurement, not individual agencies, will purchase all supplies and equipment and that purchases in excess of \$5,000 will be based on written contracts or purchase orders.

In each of the cases cited, except for the purchase of the computer equipment, there was no assurance that the WIC Program received the most favorable prices, terms, and conditions because the purchases were made on the open market without valid justification.

Catering Services. In July 1994, the WIC Program contracted with a catering service to provide, for a total cost of \$2,600, appetizers and punch for 400 people attending the opening of the Mid-Island Clinic on St. Croix and the 20th anniversary of the WIC Program in the Virgin Islands. Both events were to be celebrated jointly in September 1994. We took exception to the \$2,600 because U.S. Office of Management and Budget Circular A-87, “Cost Principles for State and Local Governments,” prohibits the costs of social activities and any costs associated with such activities from being charged to Federal grants.

At our March 5, 1996, exit conference, the Director of the WIC Program stated that the open house was part of an extensive outreach program to maximize participation in the WIC Program and that providing food was essential to the success of the outreach program. However, we continue to believe that the catering service costs are unallowable in accordance with Circular A-87. Therefore, these costs should have been paid from local funds.

Contract Execution Process. In fiscal year 1993, the Virgin Islands Department of Health awarded a 1-year contract to a company that processes food instruments to obtain administrative processing services for WIC food instruments; to issue, review, validate, pay, and/or reject all food instruments; and to provide monthly reports of all Program activity. The Government of the Virgin Islands, however, did not execute contract extensions with this company in a timely manner. This occurred because of a lack of communication between personnel in the WIC Program, the Department of Property and Procurement, and the Department of Justice. As a result, the contract extension for fiscal year 1994 was not signed until August 26, 1994, 1 month before the end of the fiscal year, and the contract extension for fiscal years 1995 and 1996 was not signed until July 11, 1995, 1 1/2 months before the end of fiscal year 1995.

Although the Department of Property and Procurement prohibits contractors from commencing operations before their contracts are fully executed, the company continued to perform integral services during fiscal years 1994 and 1995 without signed contract extensions. The WIC Program did not submit payment vouchers for fiscal years 1994 and 1995 until the contract extensions were signed. Our review of the company's contract file showed that the company billed the WIC Program for fiscal years 1994 and 1995 on a monthly basis before the contract extensions were signed. For example, the company billed the WIC Program \$29,966 for the period of October 1993 to July 1994, but the fiscal year 1994 contract was not signed until August 26, 1994. Similarly, the company billed the WIC Program \$17,195 for the period of October 1994 to March 1995, but the fiscal year 1995 contract was not signed until July 11, 1995. WIC Program personnel said that delays in signing the contract extensions occurred at the Department of Justice and that they did not know the reasons for the delays. In support of the statement, the WIC Program's Office Manager provided us with a list of 20 telephone calls made to the Department of Justice and the Governor's office from December 1993 through July 1994 concerning the fiscal year 1994 contract extension. We believe that this is an indication of efforts by Program personnel to determine the status of the contract extension.

Verification of Participant Income

The WIC Program did not document whether participants had regular income contributions from sources outside of their household unit. The WIC Program's Policy and Procedure Manual section on certification and eligibility focused the verification of income on household members. There was no reference to routine monetary contributions from persons outside of the household. In contrast, the Code of Federal Regulations (7 CFR 246.7) contains 12 income sources, including alimony or child support payments and regular contributions from persons not living in the household, in its definition of "income." We found that only one nutrition aide at the St. Thomas Hospital routinely inquired about and documented income sources from outside of the applicant's household unit.

In order to conform to the Code, we believe that the WIC Program's Policy and Procedure Manual should be updated to require that the nutrition aides query applicants about income contributions from sources outside of the household and document the results of the inquiries.

Nutritional Risk and Food Package Determination

The WIC Program's nutrition aides documented applicant information for Program acceptance, determined nutritional risk for low-risk applicants, and often prescribed the supplemental food package.³ The Code of Federal Regulations (7 CFR 246.2) states that

³As defined in the Code of Federal Regulations (7 CFR 246.2), "supplemental foods" are those foods containing nutrients determined to be beneficial for pregnant, breastfeeding, and postpartum women and for infants and children.

a competent professional authority is the individual authorized to determine nutritional risk and prescribe the supplemental food package. However, even though they were not classified as competent professional authorities, nutrition aides performed these tasks because the WIC Program did not have an adequate number of nutritionists for full-time on-site representation at each WIC Program clinic.

The WIC Program maintained seven clinic sites throughout the Virgin Islands, three each on St. Croix and St. Thomas and one on St. John. On St. Croix, the Charles Harwood Clinic's nutritionist was also the public health nutritionist and breastfeeding coordinator. At the time of our review, the Frederiksted and Mid-Island Clinics had vacancies for nutritionists, and the WIC Program's Office Manager said that it was anticipated that one nutritionist would be hired to cover both locations. The St. Thomas Hospital Clinic's nutritionist was also the senior public health nutritionist; the East End Clinic's nutritionist was also the nutritionist for the St. John Clinic; and, at the time of our review, the Knud Hansen Clinic's nutritionist position was vacant. According to the WIC Program's Office Manager, it was anticipated that a part-time nutritionist would be hired to fill this vacancy. Because there was an insufficient number of nutritionists to provide full-time on-site representation at each clinic, participant files were not always reviewed by a nutritionist, and there was no assurance that Program participants were properly evaluated as to nutritional risk or that the prescribed supplemental food packages were appropriate. In order to strengthen internal controls, we believe that the nutritional risk and food package determinations should be reviewed and approved by a competent professional authority at the time of the certification for eligibility.

Federal Grant Drawdowns

The WIC Program requested drawdowns from the U.S. Treasury for food costs and administrative costs through the Virgin Islands Department of Finance. The Cash Management Improvement Act requires Federal funds to be drawn down on an as-needed basis and the time between the transfer of funds and the disbursement of funds to be minimized. However, the banks involved in the transfer process were in different geographic locations, and the transfers were not coordinated between WIC Program personnel, the Department of Finance, and the banks. Because of the lack of coordination, during the first two quarters of fiscal year 1995, funds for food costs were not available timely. As a result, the WIC Program incurred penalties of \$614 for 28 overdrafts totaling \$908,000.

To obtain funds for food costs, the U.S. Treasury electronically transfers the drawdowns for food costs and administration costs to the San Juan branch of Banco Popular de Puerto Rico. The following day, the funds are recognized by Banco Popular's St. Thomas branch. The WIC Program, through the Department of Finance, transfers the portion of the funds related to food costs to the St. Thomas branch of Chase Manhattan Bank, which in turn electronically transfers these funds to the First Tennessee Bank in Minnesota, the stateside bank of the company that processes the Program's food instruments.

Because of the delays in transferring the portion of the funds related to food costs to the stateside bank of the company that processes the food instruments, the WIC Program made three requests to the Department of Finance from October 1993 to February 1995 to change the **drawdown** process. In effect, the WIC Program sought to remove Chase Manhattan Bank from the **drawdown** process and to open a checking account at Banco Popular's St. Thomas branch for the portion of the funds related to food costs. These changes would have allowed the WIC Program to manage grant drawdowns more efficiently and to comply with the Cash Management Improvement Act. However, the Department did not respond to these requests.

Recommendations

We recommend that the Governor of the Virgin Islands:

1. Direct the WIC Program to provide documentation regarding the \$29,900 in questioned salary expenses and the \$2,600 in questioned entertainment expenses to the U.S. Department of Agriculture for final determination concerning the allowability of these costs.
2. Direct the WIC Program and the Department of Property and Procurement to purchase equipment items in excess of \$5,000 in accordance with Title 3 1, Chapter 23, of the Virgin Islands Code.
3. Direct the Department of Justice to establish procedures to ensure that contracts and contract amendments for the WIC Program and other Governmental programs are reviewed and processed in a timely manner.
4. Direct the WIC Program to update its Policy and Procedure Manual to require that nutrition aides query applicants about recurring monetary contributions from sources outside the immediate household unit and document this information in the applicants' file.
5. Direct the WIC Program to require that a competent professional authority review and document approval of the nutritional risk assessments and food package determinations made by nutrition aides at the time of applicants' certification.
6. Direct the Department of Finance to remove Chase Manhattan Bank from the **drawdown** process for the WIC Program's food funds and to open a checking account at the St. Thomas branch of Banco Popular de Puerto Rico for the portion of the grant funds related to food.

Governor of the Virgin Islands Response and Office of Inspector General Reply

The August 14, 1996, response (Appendix 2) to the draft report from the Governor of the Virgin Islands expressed nonconcurrency with Recommendation 1 and concurrence with

Recommendations 2, 3, 4, and 6. The response did not indicate concurrence or nonconcurrence with Recommendation 5. Based on the response, we consider Recommendations 1 and 5 unresolved. Also based on the response, we consider Recommendations 2, 3, 4, and 6 resolved but not implemented and request additional information for these recommendations (see Appendix 3).

General Comments on Response

The Governor's August 14, 1996, response to the draft report was essentially the same response that the Department of Health provided to us at the March 5, 1996, exit conference to discuss a preliminary version of this report. As a result of the exit conference and the initial response, we made revisions to the report. As such, some finding sections and recommendations quoted in the Governor's response differ from the ones actually contained in the issued draft report. We will address such discrepancies in the detailed discussions of the Governor's response that follow.

Recommendation 1. Nonconcurrence,

Governor of the Virgin Islands Response. The response expressed nonconcurrence and provided justifications for the \$29,900 in questioned salary expenses and the \$2,600 in questioned entertainment expenses.

Office of Inspector General Reply. Although the response explains the circumstances concerning the assignment of the carpenter to the WIC Program and states that, during the same period, a Maintenance Division custodial worker was assigned full-time to the WIC Program, we continue to believe that the portion of the carpenter's \$29,900 salary related to work performed for non-WIC programs is unallowable. The unallowable amount may be eligible for offset against the portion of the custodial worker's \$26,520 salary that is related to services performed by the worker for the WIC Program. In the preliminary draft report, we recommended that the amount of unallowable costs be refunded to the U.S. Department of Agriculture. However, because the U.S. Department of Agriculture has the responsibility for determining allowability under its grant programs, we revised the recommendation to state that the WIC Program should provide documentation regarding the questioned costs to the U.S. Department of Agriculture for final determination as to allowability.

With regard to the \$2,600 in questioned expenses related to providing food and beverages at WIC outreach programs, we continue to believe that those costs are unallowable in accordance with Circular A-87. We believe that if the WIC Program wanted to provide food and beverages to participants at outreach activities, the cost of those items should have been paid from local funds. In the final analysis, the determination as to the allowability of the questioned costs is the responsibility of the grantor agency, the U.S. Department of Agriculture. Therefore, we believe that the recommendation as revised is still valid and consider it unresolved (see Appendix 3).

Recommendation 2. Concurrence.

Governor of the Virgin Islands Response. The response stated that the WIC Program Director had previously advised Program staff, through a directive, that “purchases in excess of \$5,000 must be in accordance with applicable laws and regulations as outlined in Title 31, Chapter 23 of the Virgin Islands Code.” The response further stated that the erroneous justification clauses discussed in the finding were inserted on the invoices by the Department of Property and Procurement, not the WIC Program; a 4-wheel-drive vehicle for the WIC Program was not purchased solely on the basis of telephonic quotations; and all of the purchases in question were made, received, and distributed by the Department of Property and Procurement.

Office of Inspector General Reply. Although the response stated that the Program Director had “previously advised” WIC staff of the procurement requirements, those requirements were not always complied with. Regarding the erroneous clauses, our recommendation was addressed to both the WIC Program and the Department of Property and Procurement in recognition of the agencies’ joint responsibility for ensuring that procurement activities are executed in accordance with applicable laws and regulations. Regarding the vehicle, in a letter dated August 8, 1994, the Director of the WIC Program requested the U.S. Department of Agriculture’s approval of the purchase of the 4-wheel-drive vehicle, stating that “we contacted several car dealerships requesting telephonic bids, ” that “only two responses were received, ” and that “this information has been provided to the Department of Property and Procurement.” An attachment to the Governor’s response contained written price quotations provided to the WIC Program by two car dealerships, apparently in confirmation of the telephonic quotations. This documentation indicates that the WIC Program solicited the price quotations, made initial arrangements with the car dealerships, and then submitted the procurement transaction to the Department of Property and Procurement for approval and processing. We believe that these functions should be performed by personnel in the Department of Property and Procurement to ensure that procurements are not directed by Program personnel to specific vendors. However, based on information provided in the response, we consider the recommendation resolved, but a copy of the directive issued by the WIC Program Director is requested for us to classify the recommendation as implemented (see Appendix 3).

Recommendation 3. Concurrence.

Governor of the Virgin Islands Response. The response stated that copies of the amendment were sent to the contractor on July 30, 1993, in accordance with a 60-day notification provision of the contract. In addition, according to the response, the WIC Program staff made numerous calls, averaging one per week in some months, to the Virgin Islands Department of Justice to follow up on the status of contract amendments. The response acknowledged that internal control weaknesses existed but stated that Governmental agencies had taken steps to address the untimely processing of contract amendments.

Office of Inspector General Reply. We believe that the reference in the response to the contract amendment that was sent to the contractor on July 30, 1993, refers to an unsigned copy of the proposed amendment. We have a copy of the fiscal year 1994 amendment that was not approved by the Governor until August 24, 1994, 1 month before the end of fiscal year 1994. The information on follow-up calls made by the WIC Program staff had been provided to us at the March 5, 1996, exit conference, and we incorporated that information into the draft report and revised the recommendation accordingly. We consider the recommendation resolved, but a copy of the directive issued to formalize contract follow-up procedures is requested for us to classify the recommendation as implemented (see Appendix 3).

Recommendation 4. Concurrence.

Governor of the Virgin Islands Response. The response stated that the WIC Program staff will revise Policy 2.04, "Income Eligibility Requirements," to include the Code of Federal Regulations definition of "income." The response also stated that "applicants are queried as to 'gross household income'" and that "the signature of the WIC staff member serves as an assurance that income was verified." Further, the response stated that there were "serious concerns" regarding the statement in a preliminary draft of our report regarding applicants whose applications were denied at the St. Thomas Hospital and that an ADP system is in place to prevent such occurrences. In addition, the response noted, "There will always be times when staff must use their judgment in determining eligibility within the framework of these guidelines. "

Office of Inspector General Reply. Although WIC Program personnel routinely queried applicants as to their household income, income sources outside the immediate household were not always taken into consideration because the definition of "income" in the WIC Program Policy and Procedure Manual did not correspond with the definition contained in the Code of Federal Regulations. We recognize that there may be times when staff need to use their judgment when determining eligibility, but this latitude should be exercised after all sources of income have been verified and documented. Regarding the statement about denied applicants, we deleted this statement from the final report based on the additional information provided. Based on information provided in the response, we consider the recommendation resolved, but a copy of revised Policy 2.04 is requested for us to classify the recommendation as implemented (see Appendix 3).

Recommendation 5. Concurrence or nonconcurrence not indicated.

Government of the Virgin Islands Response. The response quoted a portion of Section 2 of the WIC Program Policy and Procedure Manual, which defines a "Competent Professional Authority" for nutrition determination purposes. The response also stated that the Manual:

. . . includes a “locally” medically trained health official as a “Competent Professional Authority.” . . . Our staff has been trained to certify and assign a food package to our low risk applicants;

Also an Anthropometric Manual, Clinic Manual, Lesson Plan Manual are but a few teaching aides prepared for their guidance. . . .

Training of our Nutrition Aides is an on-going process. A two-day training in Nutrition Counseling and Breast-feeding Promotion has been scheduled for March 14-15, 1996.

The response further stated that the Government’s “ADP system is also programmed so that only a Nutritionist can customize a food package.” Finally, the response detailed the circumstances related to the Department’s difficulty in recruiting nutritionists.

Office of Inspector General Reply. Although we acknowledge that the Department’s nutrition aides have received some on-the-job training on nutrition-related subjects, we do not believe that the level of training received by the nutrition aides meets the requirements of Title 7, Section 246.2, of the Code of Federal Regulations to be considered a “Competent Professional Authority” authorized to “determine nutritional risk and prescribe supplemental foods.” As stated in the Code, Competent Professional Authorities include:

Physicians, nutritionists (bachelor’s or master’s degree in Nutritional Sciences, Community Nutrition, Clinical Nutrition, Dietetics, Public Health Nutrition or Home Economics with emphasis in Nutrition), dieticians, registered nurses, physician’s assistants (certified by the National Committee on Certification of Physician’s Assistants or certified by the State medical certifying authority), or State or local medically trained health officials.

The Code further requires these individuals to have a high level of formal medical training, including a bachelor’s or a master’s degree or certification by a state medical board. Based on these requirements, we do not believe that 2 days of training are sufficient to attain the level of medical training required by the Code. Additionally, we believe that the phrase “State or local medically trained health officials” refers to “locally medically trained health officials” rather than to “State or local [government] medically trained health officials,” as indicated in the response. (Emphasis added.)

Further, the response acknowledges that the Department does not have sufficient nutritionists and has had difficulty in recruiting qualified individuals to fill those positions. Until the Department can hire additional nutritionists, we believe that the Department should require that supplemental food package determinations made by its nutrition aides be reviewed and approved by a properly trained nutritionist (see Appendix 3).

Recommendation 6. Concurrence.

Government of the Virgin Islands Response. The response stated that WIC Program staff had drafted a request for proposals for local banking services and that a copy of the request for proposals was submitted to the U.S. Department of Agriculture for review and comment before it was transmitted to the Department of Property and Procurement for issuance. In addition, WIC staff developed an interim policy to ensure that funds are drawn in a timely manner in an attempt to eliminate the occurrence of overdrafts and charges.

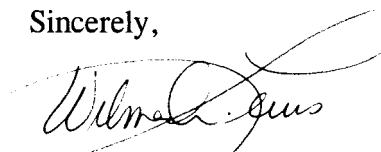
Office of Inspector General Reply. Based on the information provided in the response, we consider the recommendation resolved, but documentation showing that local banking services have been acquired for the processing of drawdowns related to food instruments is requested for us to consider the recommendation implemented (see Appendix 3).

The Inspector General Act, U.S. Public Law 95-452, Section 5(a)(3), as amended, requires semiannual reporting to the U.S. Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

In view of the above, please provide a response, as required by Public Law 97-357, to this report by May 23, 1997, to our Caribbean Regional Office, Federal Building - Room 207, Charlotte Amalie, Virgin Islands 00802. The response should provide the information requested in Appendix 3.

We appreciate the assistance of Department of Health personnel in the conduct of our audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wilma A. Lewis', with a stylized flourish extending from the end.

Wilma A. Lewis
Inspector General

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding Area</u>	<u>Questioned Costs</u>
Program Administration	
WIC Program Personnel	\$29,900
Catering Services	<u>2,600</u>
Total	<u><u>\$32,500</u></u>



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
809-774-0001

August 14, 1996

1996 SEP -6 A 10:54
INS. GEN. OF THE INTL.

Ms. Wilma A. Lewis, Esquire
Inspector General
United States Department of the Interior
Office of Inspector General
1550 Wilson Boulevard
Arlington, VA 22209

Re: Audit Report - Special Supplemental Nutrition Program
for Women, Infants and Children, Department of Health,
Government of the Virgin Islands (No. V-IN-VIS-005-95)

Dear Ms. Lewis:

We have thoroughly reviewed your Draft Report No. V-IN-VIS-005-95, on the Special Supplemental Nutrition Program for Women, Infants and Children, Department of Health, Government of the Virgin Islands and submit the following responses prepared by Department heads responsible for those areas:

I. INTRODUCTION

The stated objective of the review of the Special Supplemental Nutrition Program for Women, Infants and Children administered by the Department of Health was to determine whether:

1. The Department of Health complied with grant terms and applicable laws and regulations; and
2. Procedures were adequate to ensure that only eligible applicants received assistance.

**Letter to Wilma A. Lewis, Esquire
Inspector General**

During fiscal year 1994 and the first two quarters of fiscal year 1995, the Program's average monthly participation was:

Women	1,176
Infants	1,561
Children	<u>4,783</u>
Total	7,520

(See Attachment No. 1 for actual participation for fiscal year 1994 and fiscal year 1995)

Grant authorization for fiscal years 1994 and 1995 totaled \$11.7 million. These amounts provided \$8.7 million for food costs and \$3 million for administrative costs. In addition, the WIC Program also received Infant Formula Rebates of \$1,958,750 for fiscal years 1994 and 1995. This was quite an accomplishment for the program.

II. RESULTS OF SURVEY

The Department of Health administered the WIC Program in an effective manner and in compliance with grant terms and applicable laws and regulations. Over the last 5 years, the WIC Program has worked closely with representatives of the U.S. Department of Agriculture's Food and Consumer Service to bring the Program into compliance with Federal regulations. As a result, Federal financial reports have been submitted in a timely manner, time studies to support nutrition education activities and breast-feeding support activities have been developed, a computer system has been implemented, and Program participation is approaching the maximum level. However, our review showed that Program administration over an already successful Program could be further improved by the following: (1) ensuring that administrative funds are expended in accordance with established criteria and used exclusively for WIC Program activities; (2) requiring Program personnel to query applicants and document the results for income contributions from persons outside the household; (3) requiring a Competent Professional Authority to review and approve the nutritional risk assessment and food package determination at the time of certification; and (4) updating the drawdown process for the food portion of the grant funds.

III. PRIOR AUDIT COVERAGE

The Office of Inspector General has not performed any prior audits of the WIC Program. However, the United States Department of Agriculture - Food and Consumer Service - Middle Atlantic Region and Caribbean Area Office conducted reviews during the period 1989 to 1994.

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Inspector General

Results of these reviews are:

April 1989 - the U.S. Department of Agriculture's Office of Inspector General issued the report "Survey of the Special Supplemental *Nutrition Program for Women, Infants and Children in the U.S. Virgin Islands". The report concluded that the WIC Program needed to strengthen its management of and controls over Program operations. Weaknesses were identified in the following areas: (1) the one-to-one reconciliation of food instruments, (2) vendor authorization and monitoring, (3) Program integrity, (4) financial management operations, (5) procurement of WIC services, (6) certification operations, and (7) general internal controls.

June 1991 - the U.S. Department of Agriculture's *Food and Consumer Service issued a report on its financial review of food and administrative costs for the Virgin Islands WIC Program. The report concluded that the Program needed to improve its ability to (1) manage its food fund cash flow, (2) routinely determine the status of administrative outlays, (3) submit Federal reports in a timely manner, and (4) increase the WIC monthly participation level.

During the period **November 1991 to December 1994**, the U.S. Department of Agriculture's *Food and Consumer Service issued four State Technical Assistance Review reports. The November 1991 report concluded that the Virgin Islands WIC Program devoted an extensive amount of time to vendor monitoring but did not spend an appropriate amount of time on other vendor management functions. The January 1993 report concluded that the Program needed to monitor participation levels, expenditures, and rebates on a monthly basis and to make adjustments to budgeted data in order to reach as many potentially eligible participants as possible. The December 1993 report concluded that the Program developed appropriate policies and procedures in nutrition services. And the December 1994 report concluded that the Program developed appropriate policies and procedures for the areas reviewed and that the vendor management section had significantly improved its operations.

** PL 103-448 of 1994 changed:*

*Special Supplemental Food Program
Food & Nutrition Services*

*to
to Special Supplemental Nutrition Program
Food & Consumer Services*

Letter to Wilma A. Lewis, Esquire
Inspector General

SURVEY REPORT RECOMMENDATIONS AND RESPONSES

Recommendation No. 1

Direct the WIC Program to refund the \$29,900 in unallowable salary costs and the \$2,600 in unallowable costs to the United States Department of Agriculture.

Response No. 1

Do not concur. Please refer to page 7 for reasons for nonconcurrence.

Recommendation No. 2

Direct the WIC Program and the Department of Property and Procurement to purchase equipment items in excess of \$5,000 in accordance with applicable laws and regulations as outlined in Title 3 1, Chapter 23 of the Virgin Islands Code.

Response No. 2

Concur with recommendations. Directive to administrative staff by Program Director effective fiscal year 1996. (See excerpts from local newspaper of Tuesday, February 20, 1996 and February 25, 1996 noted as Attachment No. 2 and No. 3 as examples of compliance.

Recommendation No. 3

Direct the WIC Program to regularly follow-up on the status of contracts and contract amendments for services needed by the WIC Program and coordinate with processing agencies in order to minimize delays in the execution of such contracts and contract amendments.

Response No. 3

Concur with recommendation. See comments on page 10.

Recommendation No. 4

Direct the WIC Program to update its Policy and Procedure Manual to require that Nutrition Aides query applicants about monetary contributions from sources outside the immediate household unit and document this information in the applicant's file.

Letter to Wilma A. Lewis, Esquire
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Response No. 4

Concur with recommendation.

WIC staff has agreed to revise Policy 2.04 - Income Eligibility Requirements to include CFR definition of Income. However, there will always be times when staff must use their judgment in determining eligibility within the framework of these guidelines. Please refer to page 11 for additional comments.

Recommendation No. 5

Direct the WIC Program to require that a competent Professional review and document approval of the nutritional risk assessments and food package determinations made by Nutrition Aides at the time of applicant's certification.

Response No. 5

Section 2 of the V.I. WIC Policy & Procedure Manual states:

2. **The following persons are authorized to serve as a Competent Professional Authority:**

The State established qualifications for the local WIC Nutritionist providing high-risk counseling to include at a minimum:

Master's degree from an accredited university with an emphasis in any of the following: food and nutrition, community nutrition, public health nutrition, nutrition education, human nutrition, nutritional science, or their equivalents;
Registration with the American Dietetic Association (Registered Dietitian [R.D.]) or eligible for registration
Physicians
Registered Nurses
Physician's Assistants
State or "local" medically trained health officials

**Letter to Wilma A. Lewis, Esquire
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Recommendation No. 6

Direct the Department of Finance to remove Chase Manhattan Bank from the drawdown process for the WIC Program's food funds and to open a checking account at Banco Popular de Puerto Rico - St. Thomas branch for the food portion of grant funds.

Response No. 6

Concur.

WIC Program staff recently drafted a request for proposal for banking services from local banking institutions. In accordance with regulations, a copy of the RFP was forwarded to USDA-MAR0 and Caribbean Area Office for their review and comments prior to transmittal to the Department of Property and Procurement.

It is our hope that the local banks now have the capabilities and are willing to process our food instruments which would eliminate having to transfer food funds to a stateside bank and also eliminate the occurrence of overdrafts and charges.

Letter to Wilma A. Lewis, Esquire
Inspector General

PROGRAM ADMINISTRATION

ADDITIONAL COMMENTS

WIC Personnel

Finding Summary No. 1

Identified minor internal control weakness related to Program personnel resulting in a custodial employee being paid \$29,900 from WIC funds although the employee performed duties for other units of the Department of Health.

Response - Finding Summary No. 1

The employee referred to in this section was transferred to the WIC Program subsequent to our request to assist in the renovation of the State Agency and clinic building. This employee is a Carpenter - not a Custodial Worker as reported. (See attachment No. 4 - Notice of Personnel Action.)

It later became evident that the WIC Program had no further need for the services of a full-time carpenter and requested his transfer back to the Department of Health, Maintenance Division. The Maintenance Division, while agreeing to the transfer, did not have a budget position at the time. Rather than make salary payments to this employee who did little, if anything, the employee was transferred to the Maintenance Divisions and remained on WIC's payroll pending the identification of local funds.

Note that during this same period, the Maintenance Division assigned a full time Custodial Worker to the WIC Program (See Attachment No. 6)

We are therefore recommending that this employee's salary in the amount of \$26,520 be used to offset that portion of the Carpenter's salary.

Equipment Purchases:

Finding Summary No. 2

Five equipment purchases, totaling \$110,000 were made on the open market and in some cases, open market justification clauses inserted on the invoices by the Department of Property & Procurement were not correct; Therefore, there was no assurance that the WIC Program received the most favorable prices, terms and conditions.

Letter to Wilma A. Lewis, Esquire
Inspector General

Response - Finding Summary No. 2

Let me preface my response by stating that WIC Program staff had been previously advised that purchases in excess of \$5,000 must be in accordance with applicable laws and regulations as outlined in Title 31, Chapter 23 of the Virgin Islands Code and staff has adhered to this directive.

As noted, all five purchases were made through the Department of Property and Procurement and the erroneous clauses inserted on the invoices were done by the Department of Property and Procurement - not the WIC Program; and, when the open market purchase appeared to have been justified, the appropriate citation was missing.

It has become apparent that the governmental procurement process has been streamlined and it is no longer necessary to contact a vendor directly in order to expedite the process and utilize your funds before the end of the fiscal year.

Finally, in order to correct the record: The four-wheel drive vehicle for use on St. Croix (which was a life saver during the recent storms) was not purchased based solely on telephonic quotations.

Moreover, once again, the purchase was made by the Department of Property & Procurement, received by Property and Procurement and delivered to the WIC Program by representatives of the Department of Property & Procurement.

Catering Service

Finding Summary No. 3

WIC Program contracted with a catering service to provide appetizers and punch for the opening of the Mid-island Clinic and the 20th Anniversary celebration of the WIC Program in the Virgin Islands

Response - Finding Summary No. 3

One of the problems noted in several previous reviews was the need of the WIC Program to increase the monthly participation level. A three prong approach was agreed upon.

Letter to Wilma A. Lewis, Esquire
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1. **Implement a Case Manager initiative which provided for the equitable distribution of caseload allocation, created a bond between the client and the care-giver and empowered staff members.**
2. **Establish a mid-island clinic to replace the clinic damaged by Hurricane Hugo; and, remove the barrier to participation for approximately 1,000 of our citizens who reside mid-island.**
3. **Conduct an intensive outreach in order to maximize our enrollment.**

Also, it was decided that an Open House would afford the community an opportunity to visit our clinic, find out what we do, how we do it and, at the same time, celebrate twenty years of success in the territory.

Representatives from MCH, MAP, Family Planning and other Department of Health programs were invited. Also, representatives from Department of Human Services, members of the clergy, members of the Legislature, and representatives from institutions that house the homeless.

Our initiative proved successful, as is evident from the increase in caseload. The \$2,600 spent resulted in an increase of 784 clients and secured \$140,000 of federal funds. (See Attachment No. 5) Had there not been appetizers and punch, my people would not have responded as they did.

From a cultural stand point, events such as the opening of a new clinic, dictates that food is essential to the success of the event. Expectations are that an event sponsored by Nutritionists would provide healthy, yet tasty, snacks. Some WIC food items were selected with these factors in mind. For example: WIC juices, eggs, tuna fish and carrots were some of the ingredients used.

It is our position that the snacks provided were not “entertainment”, but essential to the success of our outreach effort. Judging from the turnout at the event, the increase in caseload, the increase in funding for the subsequent fiscal year and the receipt of an additional 2-year grant to establish another clinic, our assumptions were sound.

Letter to Wilma A. Lewis, Esquire
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Contract Execution Process

Finding Summary No. 4

The Government of the Virgin Islands did not execute contract amendments with Gelco Payment Systems in a timely manner. Internal control weaknesses over the execution of the contract's amendment occurred because of a lack of communication between the WIC Program, the Department of Property & Procurement and the Department of Justice. As a result, the fiscal year 1994 contract amendment was not signed until August 26, 1994.

Response - Finding Summary No. 4

The WIC Program, decided to exercise its option to extend a contract with Gelco Payment Systems for the period October 01, 1993 through September 30, 1994 when a new administration assumed management of the WIC Program.

The initial contact was on July 02, 1993; and, on July 30, 1993, copies of the amendment were forwarded to Gelco in accordance with the contract that we notify the contractor of our intent no later than sixty (60) days prior to the expiration date of the contract.

We agree that internal control weaknesses did exist; However, steps have been taken by all government agencies involved to improve on these weaknesses and to make the process more efficient.

Our records indicate that during some months, WIC staff calls averaged one per week.

Verification of Participation Income

Finding Summary No. 5

1. The WIC Program did not document whether participants had regular income contributions from sources outside of their household unit.
2. Because the WIC Program did not include a requirement to query WIC Program participants for contributions from persons outside the household, there was no assurance that all income sources were identified at the time of certification.
3. Review showed that only one Nutrition Aide routinely inquired and documented

**Letter to Wilma A. Lewis, Esquire
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income sources from outside of the applicant's household unit. As a result, applicants often applied at other WIC clinic sites after being denied acceptance at the St. Thomas Hospital Clinic.

Response - Finding Summary No. 5

The State Agency will revise Policy 2.04 to include the definition of "income" as stated in the Code of Federal Regulations. However, applicants are queried as to "gross household income" and the document(s) used by WIC staff to verify this information must be entered in the client's file if the applicant is not adjunctively eligible.

The signature of the WIC staff member serves as an assurance that income was verified. It is our opinion that income determination will sometime involve subjective judgments and decision-making on the part of our clinic staff.

We have very serious concerns about your comment that applicants who were denied application at the St. Thomas Hospital often applied at other WIC clinic sites.

In accordance with application procedures - all applicants must be registered and an identification number assigned. ADP system will indicate "Create/Update Patient Record". The ADP system will indicate whether the participant is already in the system. This system is in place to prevent such an occurrence.

Nutrition Risk & Food Package Determination

Finding Summary No. 6

The WIC Program's Nutrition Aides documented applicant information for Program acceptance, determined nutritional risk and often prescribed the supplemental food package. However, the Code of Federal Regulations requires that a Competent Professional Authority determine nutritional risk and prescribe the supplemental food package. A "Competent Professional Authority" is a physician, nutritionist, dietician, registered nurse, physician's assistant or a locally medically trained health official.

As a result, there was no assurance that Program participants were properly diagnosed as to nutritional risk or that the prescribed food packages were adequate.

**Letter to Wilma A. Lewis, Esquire
Inspector General**

The WIC Program did not have an adequate number of Nutritionists for full-time on site representation at each WIC clinic.

On St. Croix, the Charles Harwood Clinic's Nutritionist was also the Public Health Nutritionist and Breastfeeding Coordinator.

The Frederiksted and Mid-Island clinics had Nutritionist vacancies.

On St. Thomas, the St. Thomas Hospital Clinic's Nutritionist was also the Senior Public Health Nutritionist.

The East End Clinic's Nutritionist was also the Nutritionist for the St. John Clinic.

At the time of our review, the Knud Hansen Clinic's Nutritionist position was vacant.

The nutritional risk and food package determination should be reviewed and approved by a Competent Professional Authority at the time of certification.

Response - Finding Summary No. 6

The V.I. WIC Program's Policy and Procedure manual includes a "locally" medically trained health official as a "Competent Professional Authority". (Your report did not include the term "locally". We have attached a copy of the outline. Our staff has been trained to certify and assign a food package to our low risk applicants;

Also an Anthropometric Manual, Clinic Manual, Lesson Plan Manual are but a few teaching aides prepared for their guidance.

Because of our coordination with other Health Department programs and private physicians, most medical risks are predetermined. (See attached Medical Referral form.)

Our clinic staff is also given guidance in the determination of a high risk client and a procedure has been established for the referral of these clients. Our ADP system is also programmed so that only a Nutritionist can customize a food package.

The problem of not having an adequate number of full-time Nutritionists is not a problem unique to the Virgin Islands. The National Association of WIC Directors and the WIC Community across the nation, recognizing the difficulty

**Letter to Wilma A. Lewis, Esquire
Inspector General**

in recruiting and retaining Nutritionists, have been working with colleges and universities and professional organizations to address the problem.

Part of the problem here in the territory is the high cost of living, low salaries and identifying staff qualified to serve our multi-cultural community.

As is the case in most small State Agencies, a fact of life is, we are all required to maximize the resources available and wear many different hats in order to accomplish our objectives.

The position title of Public Health Nutritionist and Senior Public Health Nutritionist are not equivalent to the “duties performed” by the individuals now in those positions. All of our Nutritionists are full-time WIC employees.

On St. Croix, the Charles Harwood Clinic Nutritionist provides technical assistance to the Frederiksted Clinic and serves as the Breast-feeding Coordinator.

We are in the process of recruiting a Nutritionist for the Mid-Island Clinic when it re-opens.

The East End Clinic Nutritionist provides service, one day per week, to the clinic on St. John that serves a caseload of 250 clients.

Training of our Nutrition Aides is an on-going process. A two-day training in Nutrition Counseling and Breast-feeding Promotion has been scheduled for March 14-15, 1996.

Federal Grant Drawdowns

Finding Summary No. 7

The WIC Program requested drawdowns from the U.S. Treasury for food and administrative costs through the Virgin Islands Department of Finance. Our review showed that the drawdown process for food funds was cumbersome and often resulted in overdrafts. Based on the Cash Management Improvement Act, federal funds must be drawn on an as needed basis and the time between the transfer of funds and the disbursement of funds must be minimized.

Internal control weakness occurred because of a lack of coordination between WIC Program personnel, the Department of Finance and the banks. As a result, overdrafts routinely occurred.

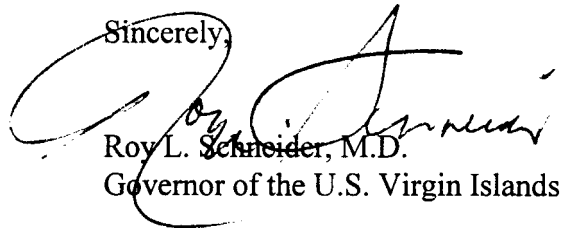
Letter to Wilma A. Lewis, Esquire
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Response - Finding Summary No. 7

In an attempt to eliminate the occurrence of overdrafts and charges, after several meetings with staff of the Department of Finance - Treasury Division and WIC Program representatives, WIC staff developed an interim policy to ensure that funds are drawn in a timely manner until such time as the Department of Finance is in compliance with the terms and conditions of the Cash Management Improvement Act.

It is my hope that our responses to your recommendations will clarify all issues regarding this audit.

If you should require any additional information regarding any section of this audit, please feel free to contact my office.

Sincerely,

Roy L. Schneider, M.D.
Governor of the U.S. Virgin Islands

Attachments

[Attachments not included by Office of Inspector General.]

STATUS OF SURVEY REPORT RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
1	Unresolved.	Provide a response to the revised recommendation.
2	Resolved; not implemented.	Provide a copy of the directive issued by the WIC Program Director regarding compliance with competitive procurement requirements.
3	Resolved; not implemented.	Provide a copy of the policy directive to formalize procedures to follow up on the status of contracts issued for services required by the WIC Program.
4	Resolved; not implemented.	Provide a copy of revised Policy 2.04, "Income Eligibility Requirements."
5	Unresolved.	Reconsider the recommendation, and provide an action plan that includes target dates and titles of officials responsible for implementation.
6	Resolved; not implemented.	Provide documentation showing that local banking services have been acquired for drawdowns related to food instruments.

**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO
THE OFFICE OF INSPECTOR GENERAL BY:**

Sending written documents to:

Calling:

Within the Continental United States

U.S. Department of the Interior
Office of Inspector General
1849 C Street, N.W.
Mail Stop 5341
Washington, D.C. 20240

Our 24-hour
Telephone **HOTLINE**
1-800-424-5081 or
(202) 208-5300

TDD for hearing impaired
(202) 208-2420 or
1-800-354-0996

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U.S. Department of the Interior
Office of Inspector General
Eastern Division - Investigations
1550 Wilson Boulevard
Suite 410
Arlington, Virginia 22209

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North Pacific Region

U.S. Department of the Interior
Office of Inspector General
North Pacific Region
238 Archbishop F.C. Flores Street
Suite 807, PDN Building
Agana, Guam 96910

(700) 550-7428 or
COMM 9-011-671-472-7279

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